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Tucson, Arizona 85702-0711

UniSourceEnergy
SERVICES



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May 3, 2013

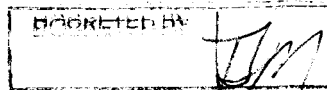
ARIZONA CORPORATION COMMISSION
DOCKET CONTROL

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Arizona Corporation Commission
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Docket Control
Arizona Corporation Commission
1200 West Washington Street
Phoenix, AZ 85007

MAY 3 2013



Re: Notice of Filing – UNS Gas, Inc.'s Request for Approval of Rider R-6 Lost Fixed Cost Recovery Tariff - Docket No. G-04204A-11-0158

Pursuant to Arizona Corporation Commission ("Commission") Decision No. 73142 (May 1, 2012) and Section 4 of UNS Gas, Inc.'s ("UNS Gas") approved Plan of Administration ("POA") for Lost Fixed Cost Recovery ("LFCR"), UNS Gas hereby files the calculated annual LFCR adjustment, as well as the compliance reports for the adjustment for an effective date of July 1, 2013.

The compliance reports consist of the following Schedules: 1) LFCR Annual Adjustment Percentage; 2) LFCR Annual Incremental Cap Calculation; 3) LFCR Calculation; 4) LFCR Test Year Rate Calculation; and 5) Delivery Revenue Calculation.

The total Lost Fixed Cost Revenues for 2012 is \$9,765, which is approximately 0.01% of UNS Electric's total retail revenues. The amount of Lost Fixed Cost Revenues is very low as the mechanism only became effective in May 2012 and many DSM programs had not been implemented during the pendency for approval of the UNS Gas and Tucson Electric Power Company's Energy Efficiency Implementation Plans¹. Based on the LFCR filing as submitted herein, UNS Gas estimates that the average monthly LFCR charge for an average residential customer would be \$0.01 or less.

As a result, UNS Gas requests that recovery of the Lost Fixed Cost Revenues for 2012 be deferred and incorporated into the 2013 Compliance LFCR filing for recovery beginning July 1, 2014. Accordingly, Commission approval of Rider R-6 Lost Fixed Cost Recovery Tariff will result in no LFCR charge to UNS Gas customers for the period July 1, 2013 to June 30, 2014. A copy of the proposed Rider R-6 Tariff reflecting the deferral is attached.

¹ TEP's 2011 – 2012 EE Implementation Plan is referenced above because due to the fact that it was not approved during this time period, and therefore UNS Gas could not implement a number of programs because it could not utilize economies of scale for implementing and running certain programs in conjunction with TEP.

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If you have any questions, please contact me at (520) 884-3680.

Best regards,

A handwritten signature in black ink, appearing to read "Jessica Bryne". The signature is fluid and cursive, with the first name "Jessica" written in a larger, more prominent script than the last name "Bryne".

Jessica Bryne
Regulatory Services

cc: Terri Ford, Commission
Compliance Section, Commission

Schedules

UNS Gas, Inc.
Lost Fixed Cost Recovery Mechanism
Schedule 1: LFCR Annual Adjustment Percentage
(\$000)

Line No.	(A) Annual Percentage Adjustment	(B) Reference	(C) Total
1.	Total Lost Fixed Cost Revenue for Current Period	Schedule 2, Line 13	\$ 9,765
2.	Applicable Company Revenues	Schedule 2, Line 1	107,724,895
3.	% Applied to Customer's Bills	(Line 1 / Line 2)	0.01%

Note:

UNS Gas, Inc.
Lost Fixed Cost Recovery Mechanism
Schedule 2: LFCR Annual Incremental Cap Calculation
(\$000)

Line No.	(A) LFCR Annual Incremental Cap Calculation	(B) Reference	(C) Totals
1.	Applicable Company Revenues		\$ 107,724,895
2.	Allowed Cap %		1.00%
3.	Maximum Allowed Incremental Recovery	(Line 1 * Line 2)	\$ 1,077,249
4.	Total Lost Fixed Cost Revenue	Schedule 3, Line 22, Column C Previous Filing, Schedule 2, Line 11, Column C	\$ 9,765
5.	Total Deferred Balance from Previous Period		-
6.	Annual Interest Rate		0.00%
7.	Interest Accrued on Deferred Balance	(Line 5 * Line 6)	-
8.	Total Lost Fixed Cost Revenue Current Period	(Line 4 + Line 5 + Line 7)	\$ 9,765
9.	Lost Fixed Cost Revenue from Prior Period	Previous Filing, Schedule 2, Line 13, Column C	\$ -
10.	Total Incremental Lost Fixed Cost Revenue for Current Year	(Line 8 - Line 9)	\$ 9,765
11.	Amount in Excess of Cap to Defer	(Line 10 - Line 3)	\$ -
12.	Incremental Period Adjustment as %	[(Line 10 - Line 11) / Line 1]	0.01%
13.	Total Lost Fixed Cost Revenue for Current Period	(Line 8 - Line 11)	\$ 9,765

UNS Gas, Inc.
Lost Fixed Cost Recovery Mechanism
Schedule 3: LFCR Calculation
(\$000)

Line No.	(A) LFCR Fixed Cost Revenue Calculation	(B) Reference	(C) Totals	(D) Units
Residential				
Energy Efficiency Savings				
1.	Current Period		25,375	therms
2.	% of Residential Customers on Opt-Out		0.0%	
3.	Excluded therms reduction	(Line 1 * Line 2)	-	therms
4.	Net - Current Period	(Line 1 - Line 3)	25,375	therms
Previous Filing, Schedule 3, Line 4,				
5.	Prior Period	Column C	-	therms
6.	Verified	Trues up forecasted months	-	therms
7.	True-Up Prior Period	(Line 6 - Line 5)	-	therms
(Previous Filing, Schedule 3, Line 8,				
8.	Cumulative Verified	Column C + Line 6)	-	therms
9.	Total Recoverable EE Savings	(Line 4 + Line 7 + Line 8)	25,375	therms
10.	Residential - Lost Fixed Cost Rate	Schedule 4, Line 3, Column C	\$ 0.3361	\$/therm
11.	Residential - Lost Fixed Cost Revenue	(Line 9 * Line 10)	\$ 8,528.38	
Small Volume (Commercial & Public Authority)				
Energy Efficiency Savings				
12.	Current Period		4,356	therms
13.	Excluded therms Reduction			therms
14.	Net - Current Period	(Line 12 - Line 13)	4,356	therms
Previous Filing, Schedule 3, Line 14,				
15.	Prior Period	Column C	-	therms
16.	Verified - Prior Period		-	therms
17.	True-Up Prior Period	(Line 16 - Line 15)	-	therms
(Previous Filing, Schedule 3, Line 18,				
18.	Cumulative Verified	Column C + Line 16)	-	therms
19.	Total Recoverable EE Savings	(Line 14 + Line 17 + Line 18)	4,356	therms
20.	Small Volume - Lost Fixed Cost Rate	Schedule 4, Line 6, Column C	\$ 0.2838	\$/therm
21.	Small Volume - Lost Fixed Cost Revenue	(Line 19 * Line 20)	\$ 1,236.19	
22.	Total Lost Fixed Cost Revenue	(Line 11 + Line 21)	\$ 9,764.57	

UNS Gas, Inc.
Lost Fixed Cost Recovery Mechanism
Schedule 4: LFCR Test Year Rate Calculation
(\$000)

Line No.	(A) LFCR Fixed Cost Calculation	(B) Reference	(C) Total
Residential Customers			
1.	Delivery Revenue	Schedule 5, Line 3, Column E	\$ 24,047,052
2	therms Billed	Schedule 5, Line 3, Column B	71,539,376
3	Lost Fixed Cost Rate	(Line 1 / Line 2)	\$ 0.3361
Small Volume			
4	Delivery Revenue	Schedule 5, Line 6, Column H	\$ 9,429,053
5	therms Billed	Schedule 5, Line 6, Column B	33,228,683
6	Lost Fixed Cost Rate	(Line 4 / Line 5)	\$ 0.2838

UNS Gas , Inc.
Lost Fixed Cost Recovery Mechanism
Schedule 5: Delivery Revenue Calculation
(\$000)

	(A)	(B)	(C)	(D)	(E) B x D
Line No.	Rate Schedule	Adjusted Test Year Billing Determinants	Units	Delivery Charge	Total Revenue
1.	Residential Service (R10)	66,743,461	therms	\$ 0.3434	\$ 22,919,705
2.	Residential Service (R12)	4,795,915	therms	\$ 0.2351	\$ 1,127,348
3	Totals	71,539,376	therms		\$ 24,047,052
4	Small Volume Commercial (C20)	28,038,968	therms	\$ 0.2837	\$ 7,954,655
5	Small Volume Public Authority (PA40)	5,189,714	therms	\$ 0.2841	\$ 1,474,398
6	Totals	33,228,683	therms		\$ 9,429,053

Note: Delivery charge for rate R-12 is the weighted average of 1,332,117 therms at \$0.3434 and 3,463,797 therms at \$0.1934

Tariff



UNS Gas, Inc.

Original Sheet No.: 706
Superseding: _____

**Rider R-6
Lost Fixed Cost Recovery (LFCR)**

APPLICABILITY

The Lost Fixed Cost Recovery (LFCR) will be applied to all customers taking service from the Company on the following Standard Offer tariffs and as defined in the Company LFCR Plan of Administration. In the event a residential customer chooses to opt-out of this program, the monthly Customer Charge specified on the appropriate Standard Offer tariff will be charged in lieu of the following per therm rate.

Residential Service R-10
Small Volume Commercial Service C-20

Customer Assistance Residential Energy Support (CARES) R-12
Small Public Authority Service PA-40

CHANGE IN RATE

The LFCR recovers a portion of the authorized margin approved in the Company's most recent rate case that has been lost as the result of implementing Commission mandated Energy Efficiency programs. A percentage charge will be placed in effect and charged to the participating rate classes for a 12-month period the LFCR adjustment is applicable. The total year-on-year adjustment cannot exceed 1% of the Company's most recent Calendar Year Revenues for the participating Rate classes.

The LFCR adjustment shall be deferred and applied to all monthly net bills as a percent and is anticipated to occur on or about July 1, 2014 upon order from the Commission.

TAX CLAUSE

To the charges computed under the above rate, including any adjustments, shall be added the applicable proportionate part of any taxes or governmental impositions which are or may in the future be assessed on the basis of gross revenues of the Company and/or the price or revenue from the energy or service sold and/or the volume of energy generated or purchased for sale and/or sold hereunder.

RULES AND REGULATIONS

The standard Rules and Regulations of the Company as on file from time to time with the Arizona Corporation Commission shall apply where not inconsistent with this rate.

Filed By: Kentton C. Grant
Title: Vice President of Finance and Rates
District: Entire UNS Gas Service Area

Rate: R-6
Effective: Pending
Decision No.: 73142